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United States Senate

COMMITTEE ON VETERANS' AFFAIRS

WASHINGTON, DC 20510

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REPUBLICAN STAFF DIRECTOR

March 16, 2009

Kent Conrad, Chairman
Judd Gregg, Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Gregg,

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, the Undersigned Members of the Committee on Veterans' Affairs (Undersigned Members) hereby report to the Committee on the Budget their views and estimates on the Fiscal Year 2010 (FY10) Budget for Function 700 (Veterans' Benefits and Services) and for Function 500 (Education, Training, Employment, and Social Services) programs within the jurisdiction of the Committee on Veterans' Affairs (Committee). This letter responds to the Committee's obligation to provide recommendations on veterans' programs within its jurisdiction from the perspective of the Undersigned Members.

At the outset, we note that we have not received the full budget, which is normally used by this Committee – and all Committees – to inform our Views and Estimates. Given this reality, we are severely limited in our ability to provide detailed information on any account.

The outline of the President's proposed FY10 Budget includes \$55.9 billion in discretionary budget authority for the Department of Veterans Affairs (VA), an increase of \$5.6 billion from fiscal year 2009 (FY09). The Committee received only this total number, which includes billions in medical collections revenue, including funds potentially obtained by enactment of a legislative proposal. By way of comparison, The Independent Budget formulated by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States, and endorsed by 62 other organizations, recommends \$54.6 billion for FY10, which includes projected revenues.

The President's budget request for VA mandatory budget authority is \$56.9 billion, which is \$9.7 billion over the FY09 level.

The following are several areas we highlight:

Increased Veteran Enrollment. VA will likely face increased enrollment in the wake of an anticipated drawdown of American forces in Iraq. Through the 4th quarter of fiscal year 2008, 400,304 separated Operation Enduring Freedom/Operation Iraqi Freedom veterans have utilized VA health care. Also, the Administration proposes that VA open health care eligibility to an

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additional 550,000 Priority 8 veterans by 2013, with nearly half of these newly eligible veterans predicted to enroll during the next fiscal year. This challenge is compounded by the declining economy, which may cause a staggering and unprecedented number of eligible veterans to enroll in, and rely on, VA for health care. As such, we recommend continued monitoring of any potential imbalance between the resources VA has to operate with and the demand for medical care.

Advance Appropriations. We are concerned that the current process of appropriating funds on an annual basis to fund the upcoming fiscal year will – because of Congress's record of passing funding bills late – continue to hamper VA's ability to manage its health care operation in a rational manner. During 19 of the past 22 fiscal years, VA has not received its appropriation by the start of the new fiscal year, with funding sometimes coming as late as February. VA must be able to plan for a coming fiscal year so that it may hire the personnel it needs and meet necessary maintenance expenses in a responsible way. Of course, VA managers should be held accountable when they fail to do so, but the first step is to give them an understanding of what they will have to work with well before a fiscal year begins. Accordingly, we ask you to ensure that there is no language in the Budget Resolution that would impose a point of order on the consideration of an advance appropriation for VA health care.

Outyear Budget. The outline of the President's proposed FY10 budget contains estimates for fiscal years 2011 through 2014 and suggests there will be less than 3% discretionary spending increases in each of those years. However, estimates of recent medical care inflation rates applicable to VA range from 2.6% to about 5%. Given the needs of the system, and inflation, we have concerns about the accuracy of the proposed discretionary outyear spending increases. We urge the Budget Committee to seek information showing how these estimates are aligned with actual program usage and stated policy objectives before carrying them forward in the Budget Resolution.

Proposed Legislation. We understand that embedded within the FY10 budget will be a proposal to bill insurers for care provided to veterans for injuries and diseases incurred or aggravated during their military service. We oppose any such effort, as it is the responsibility of VA to cover the cost of this care. Furthermore, we are concerned about potential unintended consequences this policy might have on the ability of veterans to remain insured.

Timely and Accurate Claims. The Undersigned Members remain concerned that timely and accurate claims adjudication continues to be a problem. Sufficient funds must continue to be made available for staffing, training, and technology enhancements, and VA managers must be held accountable for performance with the resources provided.

Post-9/11 GI Bill. Full implementation of the Post-9/11 GI Bill on August 1, 2009, must be achieved. The President's Budget states that it "facilitates timely implementation" of the new program. We will continue to monitor and evaluate the situation as we move forward.

Mandatory Spending. Veterans' entitlement programs, such as disability compensation and pension, are rarely adjusted by Congress because of PAYGO rules that require offsets in

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spending in other veterans' benefits programs. This rule makes it difficult to adjust several benefit programs, which require periodic adjustments in order to combat the erosion of the value of those benefits over time due to inflation. We recognize that the PAYGO rule's primary purpose is to prevent the Federal budget deficit from growing. Therefore, the Undersigned Members recommend that sufficient funds be included to provide *reasonable* increases for burial benefits and automobile grants. In addition, we recommend that the COLA round-down be eliminated. Of course, we will make every effort to identify offsets necessary to pay for these reasonable increases *if* that can be done without harming the integrity of other veterans' benefits programs and the beneficiaries who rely on them.

The attached Appendix includes information on our various priorities and demonstrates the need for additional resources in certain areas.

Sincerely,

A handwritten signature in black ink, reading "Daniel K. Akaka", written over a horizontal line.

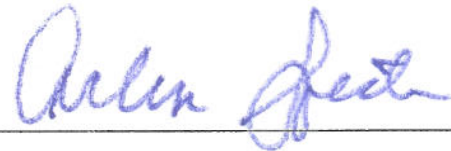
Daniel K. Akaka
Chairman

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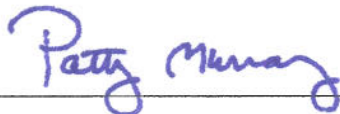
Richard Burr
Ranking Member

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John D. Rockefeller IV

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Arlen Specter

A handwritten signature in blue ink, reading "Patty Murray", written over a horizontal line.

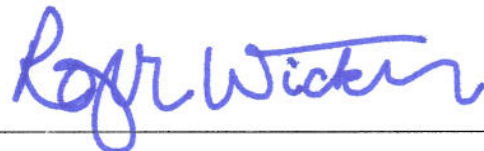
Patty Murray

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Johnny Isakson

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Bernard Sanders

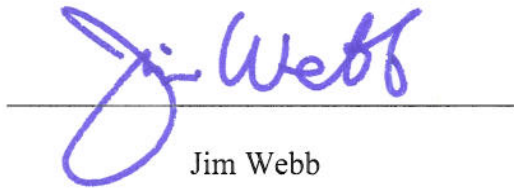
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Roger F. Wicker

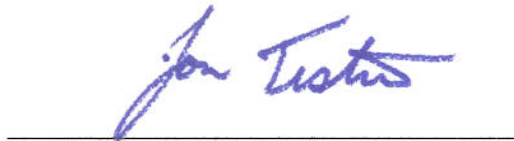
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Sherrod Brown

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Jim Webb

A handwritten signature in blue ink, appearing to read "Jon Tester", written over a horizontal line.

Jon Tester

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Mark Begich

A handwritten signature in blue ink, appearing to read "Roland W. Burris", written over a horizontal line.

Roland Burris